

# Innovation *insights*

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## Developing Strategic Performance Indicators

The focus in strategic planning is often on getting the plan written. However, the purpose of planning is not to develop goals but to accomplish them. One way to know whether you have accomplished a goal is to measure performance. This Innovation Insight provides some tips on how to select measures and indicators that can help you to:

- identify your starting point
- monitor and measure progress
- know whether you are headed in the right direction
- know when you have achieved the goal or closed the gap between where you are now and where you want to be in the future

### Components of Planning

Measures and indicators are a key component of any basic planning model. As shown below, at the core of the planning process are the organization's values, its mission (why it exists) and its vision (where it wants to be in the future or how it wants to be viewed). Goals are the path to that future vision. Specific strategies, actions, and improvement initiatives will need to be incorporated into the operational activities of the organization to reach the goals. Measures of performance and strategic indicators will indicate the progress the organization is making.



### Criteria for Developing Measures and Indicators

The key to selecting measures and indicators is asking thoughtful questions about how important accomplishments can be measured in an understandable manner with data that can be collected using a reasonable amount of resources.

The following criteria were developed at Penn State in 1999 while selecting the initial University-level strategic indicators. These criteria were then used again when the strategic indicators were updated in 2006. While the criteria below are written from a University perspective, they can be customized to fit an individual unit. The specificity of the measure will also be influenced by the level within the organization at which the plan is being developed.

1. Does the measure reflect an important University-wide performance dimension?
2. Are data on this measure likely to lead to improvement?
3. Does the measure reflect Penn State's stakeholders' needs?
4. Do key stakeholders view the measure as credible?
5. Can the measure be communicated to and understood by a wide audience?
6. Is the direction clear? That is, would an increase be clearly desirable or undesirable?
7. Is the cost/benefit relationship sensible (in terms of data availability or resources needed to collect data versus value)?
8. Can units accountable for providing the data be identified?
9. Will the measure be sustainable over a period of years?

## Measures and Indicators within an Organization

Developing good measures in planning can take some planning of its own. The initial data-based assessment and analysis that led to the establishment of goals and strategies should provide a starting point or guidance in the determination of meaningful measures and indicators. While goals should be aligned, or consistent, throughout an organization, actual goals, indicators, measures, strategies, and actions will be influenced by a unit's location in the organization. The table below shows how a common goal could be implemented differently throughout a university.

	University	College	Department
Goal	Enhance Academic Excellence	Enhance Academic Excellence	Enhance Academic Excellence
Strategic Performance Indicator	Quality of incoming students	Quality of faculty	Quality of discipline or program
Measures of Performance	Mean SAT and GRE scores	Number of publications in selected journals	Improved mean scores on certification exams
Strategies, Processes, Actions, Targets	Target schools for recruiting	Promote cluster hiring	Identify learning objectives and a plan for assessment

## SMART Goals

How you state your goals and strategies can help you determine what to measure. A commonly known acronym for developing goals and plans, SMART, identifies five characteristics of an effective goal:

- S - specific
- M - measurable
- A - achievable
- R - relevant
- T - time-based

First, the goal should be something that can be reached, be **achievable**. It should also be **relevant**, worth the resources the accomplishment of the goal will consume. The terms realistic, results-oriented, or resource-based are also paired with the R in the acronym.

The three remaining components of SMART all relate to measurement. The specificity and time-based aspects incorporate data related to accomplishment. For example, to have better prepared new students a **specific** goal could be to "Improve student orientation" through specific strategies such as "Increasing information about student orientation events" or "Ensuring all have access to timely information about student orientation events" rather than simply "Improving communication about student orientation events." **Time** is addressed by stating that improvements will be in place by August 1, a week before students arrive on campus for the fall semester, or another specific date.

Once the specific goal and/or strategies have been identified, with an implementation date, there is the need to identify the actual **measure**. There are many options: a simple 'Yes' or 'No' to indicate whether the information was accessible; a measure, such

as a Web counter to indicate the number of visits to the information site; or a survey to indicate what number or percent of a population was actually aware of the information. Other factors contributing to the goal of improved student orientation could be the result of activities to redesign, restructure, or change the timing of the events.

Performance measures and indicators are tools for organizational learning, communication, strategic change, and improvement. It can take time to identify possible measures and then evaluate them. This time and effort should be viewed as an investment which will yield a significant return in the future. First, development of measures and indicators at the start of the planning process will increase the likelihood of having baseline data, which identifies a starting point and makes measurement of progress toward a goal easier. Second, having data-based goals will provide information on how much progress toward a goal has been made, and will make it possible to clearly define when a goal has been accomplished.

### Reference

The Pennsylvania State University. "Strategic Indicators: Measuring and Improving University Performance." Current edition at <http://www.psu.edu/president/pia/indicators/index.htm>.

For more information, contact the Office of Planning and Institutional Assessment at 814-863-8721 or [psupia@psu.edu](mailto:psupia@psu.edu), or visit our website: <http://www.psu.edu/president/pia>. The services of the Office of Planning and Institutional Assessment are provided free of charge to The Pennsylvania State University and are adapted to the specific needs of departments or individuals.

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